



Office of Missouri State Auditor  
**Nicole Galloway, CPA**

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**Village of South Greenfield**



**Nicole Galloway, CPA**  
Missouri State Auditor

# CITIZENS SUMMARY

## Findings in the audit of the Village of South Greenfield

Internal Controls, Records, and Procedures	There are significant weaknesses with the village's internal controls, records, and procedures. The Board of Trustees (Board) has not adequately segregated accounting duties, and there is insufficient oversight of work performed by the Board Chairperson and Village Clerk. The Board needs to improve accounting records, maintain accurate fund ledgers, and ensure bank reconciliations are performed for all village accounts. The Board lacks procedures to ensure trustee candidates are qualified to run for office.
Utility System Controls and Procedures	There are significant weaknesses in utility system controls and procedures. Receipt slips are not issued for some utility payments received, receipts are not kept in a secure location, and payments are not posted to the billing system timely. Current water and sewer rates are not supported by a statement of costs or other documentation supporting how the costs were determined. Refundable water deposit monies are not accounted for properly. The village does not charge customers for certain statutory fees.
Disbursements	Significant weaknesses exist in the controls and procedures over disbursements. The Board's review and approval of disbursements was not adequately documented. The Board does not have contracts with its Water or Sewer Operator and did not document the reasons for classifying the Village Clerk as an independent contractor rather than an employee. The Board has not established controls to ensure transfers between funds are proper and approved by the Board. Some disbursements were not adequately supported, and numerous disbursements allocated to only one fund could have been allocated to several funds.
Ordinances and Sunshine Law Issues	Village ordinances are not organized, complete, or up to date. The village lacks a written policy regarding public access to records, and open record requests are not maintained to ensure compliance with state law. In addition, meeting minutes do not contain adequate documentation.
Budgets and Financial Reporting	Annual budgets are not prepared in accordance with state law and significant improvement is needed in financial reporting practices.

In the areas audited, the overall performance of this entity was **Fair**.\*

\*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.

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# Village of South Greenfield

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## **NICOLE GALLOWAY, CPA**

### **Missouri State Auditor**

To the Honorable Chairperson  
and  
Members of the Board of Trustees  
Village of South Greenfield, Missouri

The State Auditor was petitioned under Section 29.230, RSMo, to audit the Village of South Greenfield. We have audited certain operations of the village in fulfillment of our duties. The scope of our audit included, but was not necessarily limited to, the year ended December 31, 2015. The objectives of our audit were to:

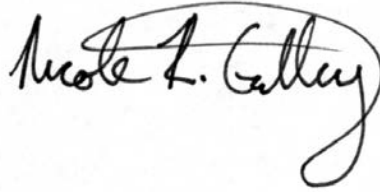
1. Evaluate the village's internal controls over significant management and financial functions.
2. Evaluate the village's compliance with certain legal provisions.
3. Evaluate the economy and efficiency of certain management practices and operations, including certain financial transactions.

Our methodology included reviewing minutes of meetings, written policies and procedures, financial records, and other pertinent documents; interviewing various personnel of the village as well as certain external parties; and testing selected transactions. We obtained an understanding of internal controls that are significant within the context of the audit objectives and assessed whether such controls have been properly designed and placed in operation. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of contract or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

We conducted our audit in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform our audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides such a basis.

The accompanying Organization and Statistical Information is presented for informational purposes. This information was obtained from the village's management and was not subjected to the procedures applied in our audit of the village.

For the areas audited, we identified (1) deficiencies in internal controls, (2) noncompliance with legal provisions, and (3) the need for improvement in management practices and procedures. The accompanying Management Advisory Report presents our findings arising from our audit of the Village of South Greenfield.

A handwritten signature in black ink that reads "Nicole R. Galloway". The signature is written in a cursive style with a large, looping flourish at the end of the name.

Nicole R. Galloway, CPA  
State Auditor

The following auditors participated in the preparation of this report:

Deputy State Auditor: Keriann Wright, MBA, CPA  
Director of Audits: Regina Pruitt, CPA  
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# Village of South Greenfield

## Management Advisory Report

### State Auditor's Findings

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#### **1. Internal Controls, Records, and Procedures**

There are significant weaknesses with the village's internal controls, records, and procedures.

##### **1.1 Segregation and oversight**

The Board of Trustees (Board) has not adequately segregated accounting duties and there is no supervisory or independent oversight of the work performed by the Board Chairperson and Village Clerk. The Board Chairperson performs most record keeping related to utility accounts, including preparing billings, receipting and recording payments received in the utility system, and making deposits. The Village Clerk posts deposit totals and cleared checks to the financial accounting system. For the General Fund and County Aid Road Trust (CART) Fund, the Chairperson and the Village Clerk both receipt monies, the Chairperson makes deposits, and the Village Clerk posts cleared transactions to the computerized accounting system. In addition, the Board Chairperson is responsible for preparing, signing, and distributing all village checks.

Proper segregation of duties and adequate oversight of accounting functions helps ensure all transactions are accounted for properly and assets are adequately safeguarded.

##### **1.2 Accounting records**

The Board needs to improve the accounting records and maintain current and accurate fund ledgers. The village maintains a computerized accounting system to track the financial activity for all funds, and a utility billing system for customer utility accounts. In addition, for the General, Water Department, and Sewer Revenue Funds manual check registers are also maintained, but were not complete and fund balances were not up to date. The financial reports provided to the Board do not show the beginning fund balance, monthly receipts by source, disbursements by type, or ending balance for each fund.

The computerized accounting system is updated when the bank statements are received, rather than when monies are received and checks are written, meaning the accounting system only reflects cleared activity, not receipts and disbursements of the village as they occur. The system also does not reflect all certificates of deposit balances. At January 1, 2015, the village had certificates of deposit balances totaling \$24,379, but the system only showed balances totaling \$10,612. In addition, the village cannot determine whether restricted or unrestricted funds were used to purchase the certificates of deposit. As certificates of deposit are redeemed, village officials transfer the money into any fund at their discretion (see finding number 3.3). The General Fund received proceeds from redeemed certificates of deposit totaling \$11,612 during 2015.



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Complete and accurate financial records are necessary for the Board to make informed decisions and effectively monitor financial activity. Receipts and disbursements associated with restricted usage should be recorded in the fund established to account for this usage and ensure compliance with state laws.

### 1.3 Bank reconciliations

Village personnel do not perform bank reconciliations for the village's general, sewer revenue, water department, water deposit, or CART accounts. Check registers and the computerized accounting system are not accurate or up to date for these accounts, and as a result, accurate bank reconciliations cannot be performed.

Monthly bank reconciliations help ensure bank and book balances are in agreement and errors are detected and corrected timely. Maintaining an accurate book balance for each account would also aid in preparing the monthly bank reconciliations and monitoring the bank balances.

### 1.4 Candidate qualifications

The Board has not established adequate procedures to ensure all candidates for the position of trustee are qualified to run for office. A current trustee was allowed to be listed on the April 2016 election ballot despite apparently not meeting statutory qualifications. The Dade County Assessor's tax ownership map and County Clerk's voter registration records show this individual is neither a resident nor registered voter of the village. The trustee in question showed us documentation he believes supports his position that his property is within village boundaries. The village Chairman indicated this documentation has been provided to the village attorney. Board minutes for the March 9, 2016 meeting, indicate the Board voted to re-survey the village limits and record the results in hopes of resolving this matter. As of June 1, 2016, no further action had been taken by the Board.

Section 80.050, RSMo, provides a person is to live within the village at the time of the election and for a year prior to the time of the election to be qualified to run as a trustee.

## Recommendations

The Board of Trustees:

- 1.1 Segregate accounting duties to the extent possible and ensure documented independent or supervisory reviews of the accounting records and bank records are performed.
- 1.2 Require proper accounting of village activities, including recording financial activity into fund ledgers as it occurs, and preparing monthly financial reports that provide detailed fund balance, receipts, and disbursements information. In addition, restricted revenues should be recorded in the appropriate fund.



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- 1.3 Ensure monthly bank reconciliations are prepared for all bank accounts and cumulative book balances are accurate.
- 1.4 Establish procedures to ensure candidates for village office possess the statutory qualifications for holding office. In addition, the Board should continue to pursue a resolution to this matter through their legal counsel.

## Auditee's Response

- 1.1 *We agree and will determine one member of the Board to provide supervision over the duties of the Village Clerk.*
- 1.2 *We agree and we have already taken steps to improve our financial records. We have recently upgraded to a new financial accounting system and our clerk is now preparing monthly reports of financial activity. We have begun to identify the fund used to purchase new certificates of deposits and the Board will review the unidentified balances and determine which funds the money belongs to.*
- 1.3 *We agree and all bank reconciliations will be done in the future.*
- 1.4 *We agree and in the future we will establish procedures to ensure candidates are qualified to run for office.*

## 2. Utility System Controls and Procedures

There are significant weaknesses in utility system controls and procedures. The village provided water and sewer services to 60 customers, and collected approximately \$58,000 in fees during the year ended December 31, 2015.

### 2.1 Receipting, recording and depositing

Receipt slips are not issued for some utility payments received, receipts are not kept in a secure location until deposited, and payments received are not posted to the utility billing system timely. In addition, deposits are not made intact or timely, and the composition of receipts is not compared to the composition of deposits by an independent person.

Receipt slips are only issued for cash payments or upon request. If utility stubs are submitted with payments, they are marked paid, but are just placed haphazardly in a box with all other paid utility stubs. As a result, there is not a complete initial record of receipts to reconcile to postings in the utility billing system. In addition, Board trustees and employees will accept payments at their home or outside of the village hall, even though payments can be made by mail or placed in a drop box (although the drop box is not adequately secured). Also, receipts collected are maintained on the office desk or held by the Board Chairperson until deposited.





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When a payment is received and whether a receipt slip is issued or not, the payment is posted to the utility billing system as part of a batch. However, when a batch is closed, monies on hand are not always deposited intact or timely. No comparison of batch totals to amounts deposited is performed by the Board Chairperson before making the deposit or reviewed by an independent person. One batch contained payments received between January 12, 2015, and January 31, 2015, while two other batches opened during this same time period contained payments within this date range. The three batches totaled \$2,643. The receipts from these three batches were split between five deposits, totaling \$2,537, leaving a shortage of \$104.

We compared the batch totals for all payments recorded in the utility system during 2015 to deposits and identified cash receipts of \$247 that could not be traced to a deposit, and check payments of \$33 that were deposited but not posted to the accounting system. We also noted one deposit included a \$53 check that was not posted to the system, but the following month an adjustment was made to record the payment in the system. Monies collected and posted to a batch should be kept together and deposited intact when the batch is closed in the system.

To properly account for all receipts and ensure monies are accounted for properly and deposited intact, prenumbered receipt slips should be issued in numerical order for all monies received, all receipts should be posted to the utility billing system timely and deposited intact. In addition, the composition of the amounts posted to the utility billing system should be compared to the composition of deposits by an independent person and receipts should be kept secure until deposited.

## 2.2 Water and sewer rates

Current water and sewer rates are not supported by a statement of costs or other documentation supporting how the rates were determined. A cost study was performed to support a 2012 water rate increase. The Board increased water and sewer rates in 2013 without preparing a statement of costs or maintaining documentation to support how rate increases were calculated. Current water rates exceed the rates set in 2013 and village officials could not explain why or provide documentation to support changes to rates subsequent to 2013. Without a current cost study for both systems, it is unclear whether the rates assessed for these services are set at an appropriate level.

Section 67.042, RSMo, provides that fees may be increased if supported by a statement of costs, which shows the increase is necessary to cover costs of providing the service. To ensure utility rates are set to cover the cost of providing the related services, the village should perform and document a detailed cost study of its water and sewer costs, including depreciation, and establish rates to cover the total cost of operations without generating excessive profits.



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### 2.3 Water security deposits

Refundable water deposit monies held in the water security deposit account are not accounted for properly. At December 9, 2015, the listing of water deposits held generated from the computerized utility system totaled \$6,741. The Board Chairperson informed us she was aware of a variety of errors in this balance, caused mainly by security deposits being applied to a customer's final bill or refunds made but not updated on the listing. After making corrections to the listing she originally provided, the listing balance totaled \$3,300, which still exceeded the available balance of the bank account by \$884.

Refundable water deposit monies are restricted funds held for customers. To ensure all water deposit monies received from customers are accounted for properly, the Board should review water deposit records to ensure all monies received were deposited and posted to the appropriate customer account, and prepare an accurate list of water deposits held. This listing should be updated regularly and reconciled monthly to monies in the water deposit bank account.

### 2.4 Department of Natural Resources fees

The village does not charge customers for the Missouri Department of Natural Resources (DNR) primacy and wastewater fees. The village is required to collect a primacy fee of \$3.24 per year from each customer and then pay the DNR 98 percent of the fee and retain 2 percent. In addition, the village is required to collect an annual sewer service connection permit fee of \$0.80 per connection and remit the collections to the DNR. In 2015 the village paid the primacy and permit fees, totaling \$234, but did not collect the fees from the customers.

Section 640.100.5, RSMo, provides for an annual primacy fee for each customer service connection to be collected by the village. The village is to retain 2 percent of the fees for the purpose of reimbursing its expenses for billing and collection of such fees. Section 644.052.10(5), RSMo, provides the sewer service connection permit fees are to be collected from the customer in monthly, quarterly, or annual increments and remitted to the DNR.

## Recommendations

The Board of Trustees:

- 2.1 Ensure prenumbered receipt slips are issued for all payments received and all payments received are posted to the billing system timely; receipts are deposited intact and timely; and independent reconciliations of the composition of amounts posted to the billing system to the composition of deposits are performed. In addition, the Board should ensure payments are kept secure until deposited and investigate the undeposited receipts.



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- 2.2 Ensure a statement of costs is prepared to support utility rates and document formal reviews of water and sewer rates periodically to ensure revenues are sufficient to cover all costs of providing these services. In addition, the Board should ensure rates charged have been approved.
- 2.3 Ensure an accurate list of water deposits is prepared and reconciled monthly to monies in the water deposit bank account. Any discrepancies should be investigated and resolved.
- 2.4 Charge customers appropriate fees in accordance with state law.

## Auditee's Response

- 2.1 *We agree and will issue a prenumbered receipt or maintain a utility stub for every payment received. Payments are now being posted to the system as received and deposits will be made intact once we have \$100 or more on hand. The Board will determine one member to periodically review, on a rotational basis, the accounting records maintained by the clerk. The Board plans to install a more secure drop box at village hall. Utility payments will only be accepted at the village hall in person, by mail, or in the drop box. The Board will discuss the undeposited receipts and determine any actions needed.*
- 2.2 *We will analyze costs for water and sewer and set the rates accordingly and we will ensure the rates actually charged agree to the rates approved by the Board.*
- 2.3 *Board members will work together to identify any water security deposits held for customers currently and will provide the list to the clerk. The clerk will reconcile the balance of the listing to the water security deposit account monthly.*
- 2.4 *In the past these fees were figured into the overall rate. In the future we will ensure the review of rates does include the DNR fees.*

## 3. Disbursements

Significant weaknesses exist in the controls and procedures over disbursements.

### 3.1 Disbursement review and approval

The Board's review and approval of disbursements was not adequately documented. Although Board meeting minutes documented discussion of pending payments, generally the minutes did not document the approval of disbursements. In addition, invoices were not signed or initialed by the Board, and a list of all disbursements approved for payment by the Board was not prepared to accompany the minutes.



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To adequately document the Board's review and approval of disbursements, a complete and detailed listing of disbursements should be prepared, signed or initialed by the Board members to denote their approval, and retained with the official minutes. In addition, the Board or someone independent of the disbursement process should review supporting documentation before payment is made. Failure to properly review all invoices and supporting documentation, and document authorizations, increases the possibility of inappropriate disbursements occurring.

### 3.2 Contracted labor and employee classifications

The Board does not have contracts with its Water or Sewer Operator and did not document the reasons for classifying the Village Clerk as an independent contractor rather than an employee. None of the amounts paid to any of these workers was reported on 1099 forms and the city did not withhold payroll and income taxes from payments made to the current Village Clerk or the previous two individuals who served in that role during 2015.

The Board does not maintain written contracts to define job responsibilities for the Water or Sewer Operator. During the year ended December 31, 2015, the village paid the Water Operator \$5,229, the former Sewer Operator \$1,200, and the current Sewer Operator \$4,195. The operators are paid a set monthly amount to maintain the system, but if they perform additional work outside their normal job responsibilities, they are paid an hourly rate for those services. The amounts paid during 2015 include both set monthly amounts and payments for additional work. Without employment contracts, there is no way to ensure additional pay was for work outside of the regular job functions.

Two individuals served as Village Clerk during 2015 and were paid a total of \$4,764 (\$1,550 to one and \$3,214 to the other).

The Board should obtain written contracts, as needed, which specify the services to be rendered and the manner and amount of compensation to be paid. In addition, Section 432.070, RSMo, requires contracts of political subdivisions be in writing. Written contracts are necessary to ensure all parties are aware of their duties and responsibilities and to provide protection to both parties. Section 105.300, RSMo, defines an elected or appointed officer or employee of a political subdivision as an employee for Social Security and Medicare tax purposes. For employees, the IRS requires employers to report compensation on W-2 forms and withhold and remit income and payroll taxes. Similarly, Chapter 143, RSMo, includes requirements for reporting wages and withholding state income taxes. Sections 6041 to 6050W of the Internal Revenue Code require non-wage payments of at least \$600 in one year to an individual be reported to the federal government on a 1099-MISC form.



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### 3.3 Transfers

The Board has not established controls to ensure transfers between funds are proper and approved by the Board. Minutes do not always document the discussion or approval of transfers. Certificates of deposit established years ago have been redeemed and the proceeds put into various village funds; however, it is unclear if these transfers were appropriate as there is no documentation for the source of funds originally used to purchase the certificates of deposit. Since the certificates of deposit are not adequately tracked in the accounting system, as discussed in MAR finding number 1.2, the certificates of deposit activity is not adequately communicated to the Board and the citizens. For example, on January 15, 2015, a certificate of deposit was redeemed for \$10,112 and the accounting system showed a transfer on January 15, 2015, for \$6,612 into the General Fund and another transfer on January 30, 2015, for \$3,500 into the Sewer Revenue Fund. The January 14, 2015, minutes only mention the approval to redeem the certificate of deposit, but nothing regarding the placement of the funds.

As another example, in November 2015 a transfer of \$1,000 was made from the Water Security Deposit Fund to the General Fund. The village did not maintain documentation to support the reason for the transfer from the restricted fund and board meeting minutes do not discuss or approve this transfer.

To ensure restricted monies are used for the intended purpose, monies held in a certificate of deposit should be credited to the appropriate fund and any transfers between funds should be approved by the Board. Payments or transfers from restricted funds should occur only for allowable and specific purposes, and reasons should be adequately documented.

### 3.4 Allocation

Some disbursements allocated to the General Fund and various other funds were not reasonable and were not adequately supported. In addition, numerous disbursements allocated to only one fund could have been allocated to several funds. For example, in 2015 all costs of the Village Clerk's wages, surety bond coverage, accounting software, and employment posters were allocated to the General Revenue Fund when some of these costs could have been allocated to other funds. Stamp purchases for mailing water and sewer bills were fully allocated to the Water Department Fund with no portion allocated to the Sewer Revenue Fund.

The proper allocation of expenses is necessary to accurately determine the results of operations of specific activities, thus enabling the village to establish the level of taxation and/or user charges necessary to meet all operating costs. To ensure funds are used for intended purposes, the allocation of expenditures to village funds should be based on specific criteria, such as the number of hours worked by each employee, and documentation supporting allocation decisions should be retained.



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### 3.5 Supporting documentation

Village personnel did not maintain adequate supporting documentation for some disbursements. For example, payments totaling \$3,682 for billings for rock hauling and the use of equipment were not supported by load tickets.

All disbursements should include proper supporting documentation to ensure the obligation was actually incurred and the disbursement represents an appropriate use of public funds.

### Recommendations

The Board of Trustees:

- 3.1 Review and document approval of all disbursements and supporting documentation.
- 3.2 Obtain and retain written contracts for services that specify the services to be rendered and the manner and amount of compensation to be paid and ensure 1099-MISC forms are issued in accordance with IRS regulations. The Board should also ensure all persons hired by the village are properly classified as employees or contract employees in compliance with state and federal laws and regulations, and all compensation paid is subject to income and payroll taxes and properly reported.
- 3.3 Establish a process to ensure transfers between funds are proper and approved. In addition, the Board should ensure water security deposit funds are used for their intended purpose.
- 3.4 Ensure costs are allocated to the appropriate funds, supported by adequate documentation, and the documentation retained.
- 3.5 Require adequate, detailed supporting documentation be retained for all disbursements.

### Auditee's Response

- 3.1 *We agree and are already reviewing and documenting our approval of all disbursements and supporting documentation.*
- 3.2 *We are in the process of obtaining written contracts with the Water and Sewer Operators and will take the other aspects of this recommendation under advisement.*
- 3.3 *We are in the process of establishing additional controls over our financials records, and have switched our accounts to a different bank. Any transfers made in the future will be approved along with other disbursements. The Board already plans to review the water security deposit issue and will ensure any uses of those funds are appropriate in the future.*



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3.4 *We will review the allocation of costs and we will have our clerk track how much time she spends on various functions to determine the proper allocation of her salary.*

3.5 *We agree and are now doing this.*

## 4. Ordinances and Sunshine Law Issues

Village ordinances are not organized, complete, or up to date. The village has not adopted a written policy regarding public access to village records and open record requests are not maintained in manner to ensure compliance with state law. In addition, meeting minutes do not contain adequate documentation.

### 4.1 Ordinances

Village ordinances are not organized, complete, or up to date. Ordinances for water and sewer rates have not been updated to be consistent with current policy. Village ordinances are not codified nor maintained in a well-organized manner.

Also, the village has not adopted an ordinance for the village employees' job responsibilities, work hours, compensation, and other applicable items. Section 80.240, RSMo, provides that the Board may appoint certain officials, prescribe their duties, and fix their compensation. Compensation should be set by ordinance.

Because ordinances passed by the Board to govern the village and its residents have the force and effect of law, it is important ordinances be current, complete, and organized.

### 4.2 Public access policy

The Board has not adopted a written policy regarding public access to village records as required by state law. A written policy regarding public access to village records would establish guidelines for the village to make records available to the public. This policy should identify a person to contact, provide an address to mail such requests, and establish fees that may be assessed for providing copies of public records.

Section 610.023, RSMo, lists requirements for making records available to the public. Section 610.026, RSMo, allows the village to charge fees for providing access to and/or copies of public records and provides requirements related to fees.

### 4.3 Record requests

Village personnel do not maintain adequate records of requests for records from citizens to show compliance with state law. While actual request letters are maintained in a binder, no log of requests is maintained for providing other important information, such as the date a request was received and when records were provided.



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Management Advisory Report - State Auditor's Findings

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Section 610.023, RSMo, provides each request for access to public records shall be acted upon as soon as possible, but in no event later than the end of the third business day following the date the request was received. To ensure compliance with state law, the city should document adequate information in a log to determine if requests are completed timely and all requests are adequately filled. Necessary information includes, but is not limited to, the date of request, a brief description of the request, the date the request is completed or reason why the request cannot be completed, and any associated costs of filling the request.

#### 4.4 Meeting minutes

Minutes for monthly Board meetings are neither signed by the Village Clerk as the preparer, nor subsequently approved by the Board. In addition, we noted instances where a trustee abstained from voting on certain issues, but minutes did not specify who abstained.

Section 610.020, RSMo, requires meeting minutes be maintained as a record of business conducted and to provide an official record of Board actions and decisions. The meeting minutes should be signed by the Village Clerk as preparer and subsequently approved by the Board to provide an independent attestation that the minutes are a correct record of the matters discussed and actions taken during the meetings. In addition, meetings should include the date, time, place, members present, members absent, and a record of votes taken.

## Recommendations

The Board of Trustees:

- 4.1 Ensure ordinances are maintained in a complete, well-organized, and up-to-date manner, new ordinances are passed when appropriate, and an index of all ordinances passed and rescinded is established. The Board should also establish, by ordinance, village employees' duties and compensation and current water and sewer rates.
- 4.2 Develop written policies regarding procedures to obtain access to, or copies of, public records.
- 4.3 Ensure requests for information are responded to timely and maintain a public request log to help ensure compliance with state law.
- 4.4 Maintain complete and accurate minutes for all meetings and ensure meeting minutes are signed by the preparer and subsequently approved by the Board.





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## Auditee's Response

- 4.1 *We are in the process of getting our ordinance book updated and we will add or revise any ordinances as necessary to comply with state law.*
- 4.2 *We agree and will adopt a policy.*
- 4.3 *We agree and have already developed a log to track these requests.*
- 4.4 *We agree and are already doing this.*

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## 5. Budgets and Financial Reporting

Annual budgets are not prepared for village funds in accordance with state statute and significant improvement is needed in financial reporting practices.

### 5.1 Budgets

The Board does not have adequate procedures to prepare or monitor budgets.

Village budgets prepared for the year ended December 31, 2015, did not contain all required elements and as of March 2016, a budget had not been prepared for the 2016 fiscal year. The 2015 budget presented some certificates of deposit balances and anticipated routine expenditures, but these expenditures were not categorized by fund. The budget did not include a budget message, estimated revenues for each fund, actual or budgeted amounts for the 2 preceding years, the actual beginning and estimated ending cash for any funds, or a budget summary. In addition, budget-to-actual reports of financial activity are not presented to the Board at their monthly meetings. As a result, the Board is not using all available information to assist in effectively managing the village and the public is not provided a complete overview of village finances. Also, there is no evidence the 2015 budget was approved by the Board.

Section 67.010, RSMo, requires the budget to present a complete financial plan for the ensuing budget year and outlines the various information be included in the budget. A complete and well-planned budget, in addition to meeting statutory requirements, can serve as a useful management tool by establishing specific financial expectations for each area of village operations. It also assists in setting the tax levy, utility rates, and informing the public about village operations and current finances. Once the village prepares an adequate budget annually, ongoing monitoring of budget-to-actual receipts and disbursements is necessary for the budget to be an effective management tool. In addition, Article VIII, Section 807 of both the 2004 Series A and B, and 2009 Series C bond covenants for the combined waterworks and sewerage systems requires a budget to be prepared in accordance with state law.



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## 5.2 Published financial statements

The village does not publish or post semiannual financial statements as required by state law. As a result, information regarding the village's financial activity and condition is not available to citizens.

Section 80.210, RSMo, requires the Board prepare and publish semiannual financial statements in a local newspaper, or if there is no local newspaper, to post semiannual financial statements in at least six of the most public places in the village.

## 5.3 Financial reporting

Village personnel have not filed annual financial reports with the State Auditor's Office as required by state law. The village last submitted an annual financial report in April 2014 for the year ending December 31, 2013. In May 2015, the village filed a financial report that only presented activity for the month of April 2015.

Section 105.145, RSMo, requires each political subdivision to file annual reports of its financial transactions with the State Auditor's Office.

## 5.4 Audits

The village has not obtained annual audits of its water and sewer system as required by state law and village water and sewer bond covenants. Section 250.150, RSMo, requires the village obtain annual audits of the combined water and sewer system and the cost be paid from revenues received from the system. In addition, Article VIII, Section 808 of both the 2004 Series A and B, and 2009 Series C bond covenants for the combined waterworks and sewerage systems requires annual audits.

## Recommendations

The Board of Trustees:

- 5.1 Prepare annual budgets that contain all information required by state law and ensure the budget and financial condition are adequately monitored. In addition, the Board's approval of the budget should be documented in the Board minutes.
- 5.2 Publish or post semiannual financial statements as required by state law.
- 5.3 File annual financial reports with the State Auditor's Office as required by state law.
- 5.4 Obtain annual audits of the waterworks and sewerage system as required by state law and bond covenants.

## Auditee's Response

- 5.1 *We agree. A budget for 2016 has now been prepared and our clerk is now preparing monthly reports of activity and budget-to-actual reports on a monthly basis.*



Village of South Greenfield  
Management Advisory Report - State Auditor's Findings

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5.2&

5.3 *We agree and plan to fully implement these recommendations.*

5.4 *We will discuss annual audits and take this recommendation under advisement.*

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# Village of South Greenfield

## Organization and Statistical Information

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The Village of South Greenfield is located in Dade County. Village operations were moved to a new location in 2014, which had been donated to the village. The village moved when it was determined the old village hall was damaged beyond repair. The village was incorporated in 1884. The village employed 3 part-time employees on December 31, 2015.

Village operations include water and sewer services and street maintenance.

### Chairperson and Board of Trustees

The village government consists of a five-member board of trustees. The members are elected for 2-year terms. The chairperson is appointed by the board from the trustees. The Board of Trustees, at December 31, 2015, are identified below. Board trustees do not receive compensation.

Michelle Gass, Chairperson  
Carl Sigman  
Larry D. Watson  
Nicholas Watson  
Vacant seat

### Financial Activity

A summary of the village's financial activity for the year ended December 31, 2015, follows:

Village of South Greenfield  
Schedule of Receipts, Disbursements, and Changes in Cash  
Year Ended December 31, 2015

	General Fund	CART Fund	Water Department Fund	Water Bond Fund	Water Replace & Extend Fund	Sewer Revenue Fund	Sewer Bond Fund	Sewer Replace & Extend Fund	Water Security Deposit Fund	Certificates of Deposit <sup>1</sup>	Total
<b>RECEIPTS</b>											
Property taxes	\$ 3,939										3,939
Motor fuel and vehicle taxes		3,530									3,530
Franchise fees	1,247	1,401									2,648
Utilities			36,061			22,800					58,861
Water security deposits									900		900
Insurance	200										200
Interest		7	10	5	5	4	4	5	7	130	177
Miscellaneous	30	60				6					96
Transfers in	13,612	1,000		825	825	7,000	504	1,152		2,000	26,918
<b>Total Receipts</b>	<b>19,028</b>	<b>5,998</b>	<b>36,071</b>	<b>830</b>	<b>830</b>	<b>29,810</b>	<b>508</b>	<b>1,157</b>	<b>907</b>	<b>2,130</b>	<b>97,270</b>
<b>DISBURSEMENTS</b>											
City workers contract payments	4,764		5,229			5,395					15,388
Supplies	890	64	389			94					1,437
Banking fees	181	10	142			60					392
Debt service			8,256			4,932					13,188
Water security deposit refunds									500		500
Contract services	1,569		362								1,931
Building repair and maintenance	1,282		1,553			2,418					5,253
Lab testing and chemicals	95					784					879
Advertisements	130										130
Program fees									650		650
Equipment rental and maintenance	20		1,453			5,430					6,903
Insurance	4,518		768			768					6,054
Utilities	1,635	2,735	2,193			4,236					10,799
Legal fees	198										198
Accounting fees	475										475
Membership fees	158		305			213					676
Roads, mowing, and maintenance	1,480	4,772	590			1,139					7,981
Transfers out	2,500	1,000	5,650			1,656			1,000	15,112	26,918
Miscellaneous	350		582						307		1,239
<b>Total Disbursements</b>	<b>20,243</b>	<b>8,581</b>	<b>27,472</b>	<b>0</b>	<b>0</b>	<b>27,125</b>	<b>0</b>	<b>0</b>	<b>2,457</b>	<b>15,112</b>	<b>100,991</b>
<b>RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<b>(1,215)</b>	<b>(2,583)</b>	<b>8,599</b>	<b>830</b>	<b>830</b>	<b>2,685</b>	<b>508</b>	<b>1,157</b>	<b>(1,550)</b>	<b>(12,982)</b>	<b>(3,721)</b>
CASH, JANUARY 1, 2015	1,615	6,010	1,779	1,855	1,855	3,807	1,936	2,089	3,609	24,379	48,933
CASH, DECEMBER 31, 2015	\$ 400	3,427	10,378	2,684	2,684	6,492	2,444	3,246	2,060	11,397	45,212

<sup>1</sup> The certificates of deposits are not identified by fund, since the village cannot determine which funds were used to purchase the certificates of deposits. Certificates of deposits redeemed and deposited into a fund are shown as transfers.